

List of Entities on Rating Watch for 1st Quarter 2019 (period covering 01.01.2019 – 31.03.2019)

No	Issuer / Entity	Issue size & Instrument	Last rating action	MARCWatch	Subsequent rating action	Chronology on MARCWatch
1	Quantum Solar Park (Semenanjung) Sdn Bhd	RM1.0 billion Green SRI Sukuk	A+ <i>IS</i>	Negative	<p>MARC has downgraded Quantum Solar Park (Semenanjung) Sdn Bhd (QSP Semenanjung) rating to A+<i>IS</i> from AA-<i>IS</i> and concurrently placed the rating on MARCWATCH Negative on 25 January 2019.</p> <p>The rating action was due to a heightened risk of termination of solar power purchase agreements (SPPA) related to QSP Semenanjung’s Merchang and Jasin solar power plant projects following the unlikely event of achieving commercial operation date (COD) at these plants by 27 January 2019. Construction progress stood at 62.3% for the Merchang plant and 68.1% for the Jasin plant as at 28 September 2018, according to the independent consultant engineer’s report. Its plant in Gurun achieved COD on 19 December 2018.</p> <p>QSP Semenanjung’s new revised CODs for Merchang and Jasin plants of 26 March 2019 and 22 March 2019 respectively are beyond the 180-day period from the scheduled COD (31 July 2018) under the SPPAs. Thus, QSP Semenanjung has requested for an extension of time (EOT) from the Suruhanjaya Tenaga (ST).</p> <p>MARC noted that the completion delay of the plants has weakened the overall</p>	25 January, 2019 - placed on MARCWatch Negative

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					<p>project cash flows and strained QSP Semenanjung's liquidity position in 2019 and 2020, necessitating the issuer to undertake proposed enhancements to the sukuk structure such as a top up to the finance service reserve account prefund 1.5 years of principal and profit payments.</p> <p>Failure to achieve COD by 27 January 2019 will trigger an event of default (EOD) under the Sukuk Trust Deed. MARC views that there could be a multi-notch downgrade if QSP Semenanjung fails to obtain the sukukholders' waiver to the EOD, or the construction at the two plants do not show significant progress or the ST exercises the walkaway clause. MARC will closely monitor QSP Semenanjung's progress and will seek to resolve the MARCWatch placement within the next 90 days.</p> <p>MARC has updated that ST has extended the walkaway event date by 93 days to 30 April 2019. According to the independent consultant engineer's report as at 29 December 2018, the progress stood at 72.8% for the Merchang plant and 80.8% for the Jasin plant.</p>	<p>1 March 2019 - Update</p>